Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Employee Services Analytical Support	**(1.00)**	**(27,265)**	**(27,265)**

This action would eliminate an Analyst position (one of two Analyst positions in this core service) that is expected to become vacant in March of 2007. This position previously performed the function of Labor Liaison as part of the now completed Investing in Results implementation process. (Ongoing savings: $109,059)

Performance Results:
There should be minimal impact from this action as the incumbent's previous function in the Investing in Results Implementation process can be absorbed into the existing ongoing labor relations process.

2. Workforce Planning & Diversity Management	**1.00**	**202,835**	**202,835**

This action would add a Senior Analyst position and provide $100,000 in one-time funding for consulting services to design and implement a city-wide Workforce Planning & Diversity Management initiative. This initiative would address workforce planning issues in light of the pending retirement of approximately one third of the City's current workforce in the next five years, as well as the City's diversity hiring challenges. (Ongoing costs: $111,712)

Performance Results:
Quality, Customer Satisfaction The organization will be prepared to implement a comprehensive strategy to continue its high level of service to customers by recruiting and developing employees to minimize the impact of the retirement of its most seasoned employees. New and additional staffing needs will be better anticipated and addressed proactively, and organizational systems and processes will be analyzed to ensure inclusion and enhance the effectiveness of our diverse workforce.

2006-2007 Proposed Core Service Changes Total	**0**	**175,570**	**175,570**

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

☐ **Airport Infrastructure**
☐ **Parks and Recreational Facilities**
☐ **Public Buildings**
☐ **Streets and Transportation Facilities**
☐ **Storm Sewers and Sanitary Sewers**

Performance and Resource Overview

Public Works Department responsibilities in this core service focus on the plan, design, and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Transportation and Aviation Services, Neighborhood Services, Public Safety, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

Even though economic challenges in the region persist, the City's Capital Improvement Program (CIP) continues to bring significant improvements to San José and meet the challenge of delivering quality capital projects that address the needs and expectations of San José residents. A growing City population requires the expansion of air travel capacity, improvements in traffic and parking, replacements of aged storm and sanitary sewer systems, new and renovated recreational facilities and libraries, and improvements in public buildings that house staff that provides City services.

In 2006-2007, it is anticipated that the Public Works Department will manage $197 million in projects. These projects include the ongoing construction of library, parks and recreation, and public safety bond funded projects. The projected workload does not include workload from the Airport Master Plan. An analysis of staffing requirements to support the airport expansion is under review and the final recommendation is expected in summer 2006. The core service will continue to focus on the effective delivery of capital improvement projects and achieving project delivery design and construction goals. In 2006-2007, the number of capital funded positions in this core service will total 261.06 positions. The Department will manage resources as necessary to ensure all work programmed for 2006-2007 is completed.

According to data collected through February 2006, 78% of customers rate Public Works design and

and construction services as good or excellent based on accuracy, timeliness, and quality of the final product. Additionally, survey results indicated that 78% of projects attained the established design and construction goals, below the target of 85%. Of the 32 project surveys received, 25 rated Public Works services as good or excellent in both areas. Only five projects were rated as satisfactory and the other two projects were rated as fair. Comments submitted on these seven surveys indicated a desire for more frequent communication between project teams and client departments. Staff will work aggressively to improve in this area in the upcoming year; therefore the 2006-2007 estimate for this measure will remain the same (80%).

The following are descriptions and activities for 2006-2007 that Public Works supports in each of the City Service Areas (CSAs) within the Plan, Design, and Construct Public Facilities and Infrastructure core service.

Transportation and Aviation Services CSA

Airport Infrastructure

The Airport Infrastructure Operational Service contributes primarily to the following two Transportation and Aviation Services CSA outcomes: *Travelers have a Positive, Reliable, and Efficient Experience,* and *Preserve and Improve Transportation Assets and Facilities.*

The Public Works Department contributes to the implementation of the Airport Master Plan by providing engineering and construction management services related to the implementation of the Airport CIP. On November 15, 2005, the City Council approved revisions to the Airport Master Plan. The revised program is estimated at $1.5 billion through 2017 and the first elements of these revisions are included in the 2007-2011 Proposed CIP.

The Airport's Capital Program is focused on the completion of construction of the North Concourse Building as well as implementation of a new Terminal Area Development Program. The Terminal Area Development Phase I appropriation, included in the CIP, provides funding for a number of projects that will be managed through a design-build contract and is scheduled for award in fall 2006.

The Airport 2007-2011 Proposed CIP provides funding of approximately $1.2 billion. Some of the major focuses of this CIP include:

Airport Terminal Facilities: Passenger terminal facilities projects, totaling $603.3 million, include the construction of the North Concourse Building and the Terminal Area Development Program, Phases I and II, with such projects as: Terminal A improvements, Terminal B- Phase 1, Temporary Terminal C Passenger Processing Facility, Demolition of Terminal C, and various roadway projects all being completed through the use of a design-build contract; Phase II includes several demand-driven projects anticipated for completion in 2017.

Transportation and Aviation Services CSA (Cont'd.)

Airport Infrastructure (Cont'd.)

Airport Parking Facilities: A total of $221.2 million related to parking facilities projects are programmed in the five-year CIP. Projects include a 4,000-6,000 space, multi-level consolidated rental car facility and 2,250 space public parking garage, subject to the outcome of a financial feasibility analysis currently being completed.

Streets and Transportation Facilities

The Streets and Transportation Facilities Operational Service supports the Transportation and Aviation Services CSA outcomes: *Provide Viable Transportation Choices that Promote a Strong Economy* and *Preserve and Improve Transportation Assets and Facilities.* Until recently, expenditures on street maintenance were guided by a 10-Year Street Maintenance Recovery Plan that began in 1996-1997. From 2002, the percentage of streets rated in "fair or better" condition decreased from 93% to 81%. Given the current economic restraints on the General Fund as well as the revenue sources supporting the Traffic Capital Program, the focus of the street maintenance effort will be on preventative maintenance, including surface seal treatments.

Staff has been successful in delivering a combination of street lighting and traffic signal projects. During 2005-2006, an estimated 367 new streetlights will be installed and approximately 143 existing streetlights were upgraded. Given funding constraints, capital funding for new streetlights and traffic signals will continue to be funded on a minimal basis.

Neighborhood Services CSA

The Parks and Recreational Facilities and Public Buildings Operational Services support the Neighborhood Services CSA outcomes *Safe and Clean Parks, Facilities and Attractions; Vibrant Cultural, Learning and Leisure Opportunities;* and *Healthy Neighborhoods and Capable Communities.*

In November 2000, voters approved the Parks and Library Bond Measures that provided funding for the construction of recreation and library facilities. Projects that were completed in 2005-2006 include Camden Multi-Service Center, San Tomas Aquino/Saratoga Creek Trail, Fuller Park, the second phase of the Dr. Roberto Cruz Alum Rock Branch Library, the Rosegarden Branch Library, and the Almaden Community Center and Branch Library. Construction contracts were awarded and construction was begun on the following projects: Alum Rock Park Service Yard, the Los Gatos Creek Trail Reach 4, Fowler Creek Park, and the Edenvale Branch Library.

In 2005-2006, construction was finished on the City's first joint library and community center; the Almaden Community Center and Branch Library. This new joint facility was designed to combine

Performance and Resource Overview (Cont'd.)

Neighborhood Services CSA (Cont'd.)

community services and branch library functions in one building. It is the first of several such joint facilities intended to improve the efficiency of delivering neighborhood services. The Almaden facility will provide the community with a 64,000 square foot building composed of a 40,000 square foot community center and a 19,000 square foot library. Specific amenities include a gymnasium, a children's classroom, computer labs, a cooking classroom, and an internet café.

Public Works continues the effort of identifying opportunities to collaborate with other departments on various aspects of capital improvement projects. For the Roosevelt Community Multi-Service Center Project, Public Works, Cultural Affairs, and Environmental Services are working together to implement the public art component of the project. Public Works and the Environmental Services Department are also collaborating on the design of the parking lot that is a part of the future expansion of Happy Hollow Park & Zoo. The parking lot project is located on the Roberts landfill site adjacent to Coyote Creek. Various possibilities under consideration are to control storm water runoff, including bio-swales, retention ponds, and porous paving, which are required to meet State and local ordinances.

Public Works is identifying the best opportunity to utilize in-house staff to manage and design projects, with the exception being when external resources are required either for expertise or in order to provide adequate capacity to meet schedule requirements. Both Fuller Park and Fowler Creek Park were designed with a goal of utilizing the skills of in-house staff.

Public Safety CSA

The Public Buildings Operational Service supports the Public Safety CSA outcome *The Public Feels Safe Anywhere, Anytime in San José*. The voters approved the Neighborhood Security Act Bond Measure in March 2002. The programs consist of $159 million to fund Police and Fire Departments' capital improvements, relocations, and renovations of public safety facilities.

Public Works provides for the design and construction of improvements to Public Safety buildings and sites. These projects include the design and construction of updated technology and infrastructure that will result in improved response times to emergency incidents, improved public access to services, and improved working conditions for public safety employees. Major projects delivered in 2005-2006 include: the completion of the West Community Policing Center located in the West San José Community Center, completion of the installation of emergency generators at Fire Stations 4, 13, and 26, completed the design/bid documents for two Fire Station relocation projects (Stations 17 and 25) and two new Fire Stations (34 and 35) for start of construction in summer 2006. Lastly, Public Works completed the acquisition of land for the South San José Police Substation.

Performance and Resource Overview (Cont'd.)

Public Safety CSA (Cont'd.)

As part of the proposed 2007-2011 CIP, the South San José Police Substation will house a portion of existing Police employees who will be moved to this new location to improve active patrol time. This $65 million project will measure 107,000 square feet and rest upon 10.5 acres of land which was acquired in December 2005. It is the largest project in the Public Safety Bond program. The South San José Police Substation will be a LEED Certified facility and several options are currently under evaluation for incorporating a Green Roof system, as well as on-site storm water management. Public Works has completed the schematic design and is currently in the middle of design development. This project is scheduled to conclude the design phase in late summer 2007, with the construction contract being awarded in November 2007. The project also includes one of the largest public art components within the program. The selection process for one or multiple artists to collaborate in this effort is underway.

Strategic Support CSA

The Public Buildings Operational Service also supports the Strategic Support CSA outcomes *Safe and Funcional Public Infrastructure, Facilities and Equipment* and *Effective Use of State-of-the-Art Technology.*

Public Works provides for the design and construction of improvements to municipal buildings and sites including City Hall, City parking garages, museums, service yards, and the Convention Center. In 2005-2006, the Department managed the construction of the City Hall Parking Garage, which is scheduled for completion in September 2006, completed the design for the Second/San Carlos Parking Garage Seismic Retrofit, completed the design for improvements at the Convention Center Parking Garage, served as an information and advisory resource for the feasibility assessment by the San José Museum of Art for the re-use of the former Dr. Martin Luther King Jr. Library building, and completed additional interior and landscape improvements at the Animal Care Center.

The Department also prepared the architectural programming and bid documents for the Central Service Yard Phase II project to be implemented by the low-bid design-build method. This project will relocate existing General Services and Parks, Recreation and Neighborhood Services offices and operations from the Japantown Main Yard site to the Central Service Yard to consolidate City services. The relocation of these operations creates an opportunity to redevelop the Japantown site. This project includes the design and construction of three buildings and tenant improvements to the existing facility. This project features 64,000 square feet of new construction, 26,000 square feet of retrofitting, and a $24.4 million construction budget. The Central Service Yard is the first architectural design/build project of this size for the City. Construction began in March 2006 and is scheduled for completion in summer 2006.

In-house staff was utilized to complete the bid document for the Central Service Yard Phase II project. The bid package was meticulous in detail and thoroughly informative in order to limit questions or confusion regarding the end product. Contractors were pre-qualified for the project to identify sustainable contractors with appropriate budget in the design/build method of delivery.

Performance and Resource Overview (Cont'd.)

Strategic Support CSA (Cont'd.)

Formal partnership with the contractor is stipulated in the project scope for establishing and maintaining a positive working relationship throughout the project. City staff will manage the construction contract and provide inspection of this sizable project.

Environmental and Utility Services CSA

The Storm Sewers and Sanitary Sewers Operational Service support the Environmental and Utility Services CSA outcome *Reliable Utility Infrastructure.*

Storm Sewers

The 900-mile Storm Sewer System, which is separate from the Sanitary Sewer System, collects and conveys storm water runoff to nearby creeks and rivers. Major projects budgeted in the 2007-2011 Proposed CIP include the design and construction management of the following projects: Albany-Kiely Storm Drainage Improvement Phases III and IV, Chateau Storm Drain Improvement Phases I and II, Outfall Rehabilitation, Storm Pump Station Rehabilitation and Replacement, Storm Drainage Improvements in Special Corridors, and the Willow Glen-Guadalupe Storm Drain Improvement Phase III. These projects will include, where applicable, the installation of technology and infrastructure that is designed to improve the water quality and the conveyance of storm runoff to creeks and rivers.

Other major efforts, as programmed in the Storm Sewer Operating Fund, are the implementation of the Regional Water Quality NPDES Permit, Provision C.3 requirements, and the Hydromodification Plan (HMP). Provision C.3 requires the City to implement measures to control pollution from storm sewer systems to the maximum extent possible, and HMP intends to develop means to control the quantity of storm runoff to creeks and rivers. The City has adopted a policy to ensure the reduction of pollutant discharges from new, redevelopment, and public projects through incorporation of treatment and other appropriate source control and site design measures. C.3 and HMP require hydraulic design and sizing of storm water treatment and pollution control basins and related facilities. City engineering, planning, and environmental services staff work collaboratively to achieve these objectives.

In recognition of Council's attention to neighborhood services and to support local storm drainage systems, the Storm Sewer CIP continues to direct funding toward the design and implementation of storm drain improvements in neighborhoods. The program will focus on pedestrian corridors within residential neighborhoods and walking routes to schools and public facilities. Consideration will also be given to neighborhood business districts as a means of supporting Council's priority for stimulation of the local economy.

The Storm Sewer System CIP receives modest revenues, and the program has had to significantly scale back its delivery of capital improvement projects accordingly. For that reason, the

Performance and Resource Overview (Cont'd.)

Environmental and Utility Services CSA (Cont'd.)

Storm Sewers (Cont'd.)

Environmental and Utilities CSA has sought and obtained a three-year rate increases that will restore the viability of the program. In 2005-2006, the program was in the first of three years of a 4.5% rate increase strategy to support an enhanced capital program. This strategy will remain in effect through 2007-2008. Without these increases, most of these projects and numerous other investments in this CIP would need to be dropped or delayed.

In addition, efforts have been and will continue to be made for this CIP to leverage funds from other entities for the implementation of storm drainage capital projects. The San José Redevelopment Agency's SNI program, City departments, and the Community Development Block Grant program have partnered with the Storm Sewer program for mutual benefit.

Sanitary Sewers

The Sanitary Sewer System consists of approximately 2,150 miles of sewer mains ranging in diameter from 6 to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant (WPCP). The value of the system is estimated at $1 billion.

Expenditures for Sanitary Sewer projects are forecast to total $113 million over the next five years, of which $45.2 million is allocated in 2006-2007. Program funding is allocated to construct sewer improvement projects that either enhance sewer capacity in substantially built-out areas or rehabilitate existing sewers, with higher priorities given to those with extensive, severe deterioration.

The majority of program efforts will be focused on high priority rehabilitation projects over the next five years. Within the Sanitary Sewer Program, rehabilitation projects are prioritized based on studies, maintenance records and reports, and observed pipeline deficiencies. Major rehabilitation projects include phases VI and VII of the North San José Interceptor system. In addition, major capacity projects in the 2007-2011 Proposed CIP include the Edenvale Phase VA and VB projects, which provide capacity and support economic development in the Edenvale Redevelopment Area and augment the capacity in parallel systems that serve central San José.

In recognition of Council's priority to neighborhood services, additional emphasis has been given to the study, design, and implementation of neighborhood sanitary sewer rehabilitation projects over the next five years to improve the reliability of neighborhood sewer collection systems. In addition, staff continues to advance projects intended to eliminate inflow and infiltration (I & I) of groundwater into the sewer system. These I & I projects restore capacity in the system and reduce the treatment costs for the WPCP.

Performance and Resource Overview (Cont'd.)

Environmental and Utility Services CSA (Cont'd.)

Sanitary Sewers (Cont'd.)

Actively monitoring the condition and capacity of the City's sewer collection system allows staff to proactively respond to development related capacity demands and to anticipate the 2020 General Plan build-out of the urban service area. As part of the 2004-2005 Adopted Operating Budget, the City Council approved a three-year sanitary sewer rate increase of 4.5% annually. The Department's staff will continue to actively prioritize the available funding to address the sewer capacity challenges in support of the North San José Intensification program and Evergreen Smart Growth.

Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯 % of delivered projects that attain established design and construction goals	83%	85%	78%	85%
🎯 % of projects completed within the approved baseline budget	85%	90%	88%	90%
$ % of Public Works costs (exclusive of city-wide overhead) for the design and construction phases of a project compared to total construction costs for completed projects:				
Less than $500,000	35%	TBD*	31%	TBD*
Between $500,000 and $3M	31%	TBD*	30%	TBD*
Greater than $3M	12%	TBD*	10%	TBD*
Total (all construction costs)	24%		28%	
🕒 % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	77%	85%	93%	85%
🎗 % of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product	70%	80%	78%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: Yes[1]

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[1] Changes to Performance Measures from 2005-2006 Adopted Budget

↺ "% of projects completed" was revised to reflect only services provided by Public Works. The delay of projects may result from other factors and be beyond Public Works' control. Therefore, the Department will be accountable for only the design and construction timeframe.

* The target will be established in 2007-2008 when adequate sample data becomes available.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

	Selected Operational Measures	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🕐	Operational Service: Airport Infrastructure % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	67% (2 of 3)	85%	100% (4 of 4)	85%
🕐	Operational Service: Parks and Recreation Facilities % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	74% (43 of 58)	85%	82% (22 of 27)	85%
🕐	Operational Service: Public Buildings % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	100% (7 of 7)	85%	83% (5 of 6)	85%
🕐	Operational Service: Streets and Transportation Facilities % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	71% (25 of 35)	85%	100% (34 of 34)	85%
🕐	Operational Service: Storm Sewers and Sanitary Sewers % of projects ~~with duration between design start and beneficial use that are delivered within two months after~~ designed and constructed by Public Works within approved baseline schedule	89% (8 of 9)	85%	100% (11 of 11)	85%

Changes to Operational Measures from 2005-2006 Adopted Budget: Yes[1]

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[1] Changes to Operational Measures from 2005-2006 Adopted Budget:

↻ "% of projects completed" was revised to reflect only services provided by Public Works. The delay of projects may result from other factors beyond Public Works' control. Therefore, the Department will be accountable for only the design and construction timeframe.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast**	2005-2006 Estimated**	2006-2007 Forecast***
Number of construction projects delivered	103	82	92	85
Total construction cost of projects*	$443M	$127M	$118M	$163M

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

* For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

** The 2004-2005 Actual includes the total construction costs for the City Hall, except for the parking garage.

*** The Forecast data does not include the Airport Master Plan.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 28,719,895	$ 28,648,573	$ 30,847,038	$ 30,376,585	6.0%
Non-Personal/Equipment	293,729	183,920	188,920	188,920	2.7%
Total	**$ 29,013,624**	**$ 28,832,493**	**$ 31,035,958**	**$ 30,565,505**	**6.0%**
Authorized Positions	**299.68**	**284.13**	**279.91**	**275.31**	**(3.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT			
1. Public Works Program Support Fund Redeployment	**(2.60)**	**(268,375)**	**(69,401)**

This action would shift 2.6 positions (1.0 Staff Specialist, 1.0 Analyst, 0.35 Associate Construction Inspector, 0.25 Senior Engineer) to the Strategic Support section of this CSA. Funding for these positions would be included in the Public Works Program Support Fund that is used to support the capital and bond programs. This funding shift would more effectively align Public Works resources with anticipated workload for 2006-2007. (Ongoing savings: $268,375)

Performance Results:
No change to service levels should result from this action.

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT (CONT'D.)			
2. Capital Improvement Program Staffing Reallocation to Public Works Fee Program	**(2.00)**	**(202,078)**	**0**

This action would redeploy 2.0 positions (1.0 Engineer and 1.0 Associate Engineering Technician) that currently support the Capital Improvement Program (CIP) to the Public Works Development Fee Program, which is reflected in the Regulate/Facilitate Private Development core service in the Community and Economic Development CSA. The demand for increased service in the Fee Program, combined with the decrease in projects supported by the CIP, necessitates this shift in order for the Fee Program to achieve cycle time targets and keep up with the workload. (Ongoing savings: $202,078)

Performance Results:
Quality This action will have no effect on the quality or timeliness of project delivery as the reductions align with anticipated workload reductions in the CIP.

2006-2007 Proposed Core Service Changes Total	**(4.60)**	**(470,453)**	**(69,401)**

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Core Service Purpose

Manage the City's data so that critical business processes remain operational; determine, develop, implement and support technology solutions that maximize the delivery of enterprise City services.

Key Operational Services:

- ☐ **Database Administration**
- ☐ **Business Systems**
- ☐ **Customer Service and Performance Management System**
- ☐ **Geographic Information System**
- ☐ **Web Design**
- ☐ **Document Management**
- ☐ **Financial Management System**
- ☐ **PeopleSoft HR/Payroll**
- ☐ **Permits Online**
- ☐ **Capital Projects Management System**

The purpose of the Provide Enterprise Technology Systems and Solutions core service is to determine, develop, support, and administer critical data systems to ensure the quality and availability of data in a manner that meets the organizational needs of the City. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

Database Administration

In 2005-2006, efforts continued to identify information from the City's business applications that need to be shared and stored in a central location. The central data store contains information from the City's Financial Management System (FMS), Human Resources/Payroll, San José Permits Online, Geographic Information System (GIS), and Business License systems. Current applications that use the shared data include the Capital Projects Management System (CPMS) and San José Permits Online applications, as well as several other departments using the database for analytical purposes. Storing information in this way, although useful for interfacing applications, is not an efficient tool for performing analysis and forecasting. A data warehouse is the proper decision support tool specifically designed for non-technical staff to perform computer-generated analyses of data on their own with no assistance from IT staff. With a data warehouse City analysts can search information from several systems at once like FMS, HR/Payroll, and CPMS, for example, to produce one report instead of running reports on separate systems to obtain the same results.

Efforts have commenced to establish an Enterprise GIS database. The plan is to use the address information from this GIS database to create a Unified Customer Database (UCD). The goal of the UCD is to identify customers in all financial and business applications (such as Customer, Utility Billing and Hauler Contract Management systems, Business License, Multiple Housing, and San José Permits Online) and provide an accurate master list of the latest information such as valid mailing addresses and contact information. The UCD will be the foundation for the Integrated

Database Administration (Cont'd.)

Cashiering System, which will allow customers to pay for fees from multiple departments and systems in a single transaction at City Hall.

The city-wide data administration function includes monitoring, maintenance, and implementation of patches and upgrades, which improves the stability and performance of enterprise databases. Performance is measured by the enterprise level databases of the Financial Management System (FMS) and the Peoplesoft HR/Payroll System. The estimated percentage of time data will be available during 2005-2006 is 99%, representing a stabilization of the state of databases (the actual availability for 2004-2005 was 99%). The target for 2006-2007 remains at 100%.

Business Systems

Oversight continued for a major redirection of resources from central support of the existing VAX mainframe to support a network of integrated applications. Much analysis was performed to map migration paths for each application and to combine efforts and resources when possible. Internal staff was the main resource used to reprogram the archaic applications to new platforms or to incorporate them into existing systems. As a result, new applications running on updated technology sharing information vital to City services are now more efficient to support and maintain. A total of 124 applications ran on the VAX in 2004. By the end of 2005-2006, only two applications with no migration plan will remain. In the future, funding will need to be identified to migrate the existing applications in order to improve the level of service provided to internal and external customers, and retire the equipment which still resides at the Old City Hall network operation center (OCH NOC).

The department is responsible for approximately 82% of 9,300 e-mail boxes city-wide. In 2004-2005 the department began deploying Active Directory to all directly supported departments. Active Directory will provide a single city-wide authentication model and a single administration model. Thus the implementation of Active Directory will facilitate the reduction of overlapping services currently provided by various City technology groups. This technology will also be an enabler for other applications and will provide single sign-on capabilities for future initiatives such as the Interactive Voice Recognition Corporate Phone directory application, PeopleSoft HR/Payroll application enhancements, Voice Over Internet Protocol (VoIP) unified messaging, and network based fax components. With 85-90% of the departments migrated to Active Directory in 2005-2006, the Information Technology Department (ITD) will look to continue extending the above mentioned benefits.

In 2005-2006, upgrade of the current e-mail system to Exchange 2003 continues. Exchange 2003 will provide increased availability of e-mail services through the use of a clustered e-mail system, better disaster recovery through a comprehensive backup strategy, and improved functionality through new versions of Outlook Web Access. Although portions of the hardware purchased for the upgrade have been reallocated to higher projects, ITD continues its internal testing and

Business Systems (Cont'd.)

anticipates completion of the rollout in 2007-2008.

The estimated 2005-2006 performance level is 99.5% for e-mail system availability during business hours as compared to the target of 100%. Factors that may negatively affect e-mail system availability include virus attacks and corrupt message errors, such as headers exceeding byte limits, message-forwarding loops and migration of e-mail accounts to the new e-mail system. Systems availability in 2005-2006 for FMS and the Peoplesoft HR/Payroll System are estimated to meet the targets of 99.0%.

Consolidated Utility Billing System (C-UBS)

On May 10, 2005, the City Council adopted a resolution to execute an agreement for services between the City of San José and BearingPoint, Inc. to implement the Consolidate Utility Billing System (C-UBS). C-UBS is an application that addresses three main functional areas: Customer Relationship Management; Utility Billing System; and Partner Relationship Management for city-wide utility billing needs. The City Council approved the purchase of the PeopleSoft Enterprise Revenue Management software and five Customer Relationship Management modules to be implemented as part of the overall C-UBS project to facilitate the integration of several of the City's existing call centers. The project is expected to 'go-live' in June 2006.

Geographic Information Systems (GIS)

Nine City departments and the Redevelopment Agency now use GIS technology to make decisions, share information, or deliver customer service. The City of San José also participates in a regional data-sharing agreement with the County of Santa Clara and the San José Water District. Funding restrictions and prevailing governance structures have prevented the creation of a centralized GIS data store, resulting in the development of independent data repositories within individual departments. The enterprise GIS strategy for the City of San José, as supported by the Information Technology Planning Board in September 2005, is to establish a centralized GIS infrastructure administered by the Information Technology Department with data management responsibilities held by the line departments that are the primary users. Once an existing reserve is appropriated, now scheduled for Council action in May, the basic infrastructure will be established. A strategic plan for Citywide Geographic Information Systems implementation will be documented for 2006-2007.

Web Design

In order to assist departments to post information to the City's website, the web team researched and developed a process where non-technical City staff can update website content. This is accomplished through the use of a software product called Contribute, made by Macromedia.

Performance and Resource Overview (Cont'd.)

Web Design (Cont'd.)

Although this solution meets the immediate need of updating web content, the process has proven to be cumbersome and requires end-user departments to have technical expertise in order to post information. To meet the objectives of the Sunshine Reform, as well as customer service commitments, City staff will be required to develop an integrated front-end solution to automate website management.

Document Management

Work to streamline the agenda and minutes preparation process and to automate labor-intensive systems for the City Clerk's Office was started in 2004-2005. In 2005-2006, efforts were underway to define requirements for a city-wide electronic document management system to support the January 25, 2005 Mayor and City Council directive for processing Public Records Act requests, as well as to support the March 21, 2006 Sunshine Reform recommendations.

In light of these initiatives, the time is right for the City to adopt an overall strategy for managing documents, business processes, and web content. In order to meet the objectives of the Sunshine Reform and serve our customers efficiently, the City will be required to manage, share, store, and retrieve the dynamic information needed for service delivery.

Committing resources to the degree required to implement and support new technology at City Hall while maintaining existing shared systems continues to challenge this core service's ability to meet the technology demands of the organization. As a result, the performance measure "% of service requests resolved within established guidelines: 4 hours for all other requests" decreased to 59% in 2004-2005 compared to the actual 2003-2004 performance of 81%. The performance target was reduced for 2005-2006 (from 85% in 2004-2005). The target has been adjusted to 70% for 2006-2007.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Performance and Resource Overview (Cont'd.)

Provide Enterprise Technology Systems and Solutions Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of time data is available to approved data users during normal business hours	99%	100%	99%	100%
% of time system is available during normal business hours				
- E-mail	99.7%	100.0%	99.5%	100.0%
- Financial Management System	98.9%	99.0%	99.0%	99.0%
- PeopleSoft	99.5%	99.0%	99.0%	99.0%
% of service requests resolved within established guidelines:				
- 1 hour for urgent requests	62%	70%	65%	70%
- 4 hours for all other requests	59%	60%	60%	70%
% of customers rating data availability and quality of data as good or excellent				
- availability	71%	80%	80%	80%
- quality	70%	80%	80%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of centralized E-mail users	6,987	7,300	7,650	9,300
Number of FMS users	795	700	825	900
Number of PeopleSoft users	5,352	6,500	5,400	6,500
Number of application repair requests	939	950	1,000	1,100

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Provide Enterprise Technology Systems and Solutions Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,958,731	$ 3,923,553	$ 4,477,629	$ 4,659,996	18.8%
Non-Personal/Equipment	1,129,804	559,061	1,696,144	1,700,709	204.2%
Total	**$ 5,088,535**	**$ 4,482,614**	**$ 6,173,773**	**$ 6,360,705**	**41.9%**
Authorized Positions	**32.50**	**33.50**	**34.50**	**35.50**	**6.0%**

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* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Consolidated Utility Billing System (C-UBS) Implementation	**1.00**	**186,932**	**0**

This proposal would provide temporary staffing (2.0 Information System Analyst positions) to provide technical support during the implementation phase (July thru October 2006) of the Consolidated Utility Billing System. In addition, this proposal would provide ongoing funding for a Network Engineer position for night batch operations of C-UBS. (Ongoing costs: $107,992)

Performance Results:
Quality, Customer Satisfaction Continued technical support for the C-UBS system would ensure *technical functionality of the newly implemented software.* Risk for the loss of system availability would be decreased.

2006-2007 Proposed Core Service Changes Total	**1.00**	**186,932**	**0**

Core Service: Purchasing and Materials Management

Finance Department

Core Service Purpose

To purchase and provide quality products and services in a cost-effective manner.

Key Operational Services:

☐ **Procurement**
☐ **Central Services**

☐ **Records Services**
☐ **Warehouse Services**

Performance and Resource Overview

Purchasing and Materials Management employees provide services daily to all City departments. This core service contributes to the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* The goal of this core service is to provide timely and reliable services to all CSAs to assist departments in achieving their service delivery goals to residents, as well as to spend public funds wisely through competitive processes and cooperative purchasing with other government agencies while reaching out to the local vendor community. Prior to 2005-2006, these services were managed by the General Services Department and contributed to the Strategic Support outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

Procurement

In response to Council approved Civil Grand Jury recommendations in 2005-2006, the Procurement section began implementation of comprehensive procurement reforms. These reforms were approved by Council in December 2005, directing staff to return with ordinance changes governing the procurement of goods and services to enhance procurement transparency and openness through centralization of professional services contracting and increasing the contract approval authority from $100,000 to $1 million. Additionally, Council directed staff to develop a Council Policy titled "Integrity and Conflict of Interest in Procurement," modeled after the Procurement Process Integrity Guidelines.

To implement the centralization of professional services, two Senior Analysts are recommended to be added to oversee the procurement process for professional services. Procurement will train departmental staff and develop manuals, form letters, and handouts for a decentralized procurement process for professional services. To ensure compliance with the Council approved Procurement Reforms, Procurement will review Requests for Qualifications and Requests for Proposals and related addenda prior to issuance, review evaluation forms, and hear any protests. Contracts for professional services will be signed by the Director of Finance.

In addition to the two Senior Analysts, Procurement proposes the purchase of a hosted e-procurement solution. The proposed e-procurement solution will streamline and facilitate

Procurement (Cont'd.)

interaction with the vendor community. It will encompass a vendor on-line registration, email notification, and on-line bidding tool. Additionally, the e-procurement system will allow the City to reach out more effectively to and collect emergency contact information from the local vendor community.

In 2005-2006, the Procurement section improved the Request for Proposal process and successfully completed the procurement of the Information Technology (IT) System for the San José Norman E. Mineta International Airport valued at $9 million. The Airport IT systems included under this procurement consist of a set of IT functionalities that enhance the travelers' experience at the Airport and operational functionalities necessary to support the Airports' business environment.

Additionally, Procurement is in the process of leading the Recycle Plus contract valued at $125 million over the next six years. The Recycle Plus contract will replace an existing contract providing garbage collection, recycling, and yard trimming and street sweeping services for two City Garbage Collection and Recycling Service Districts.

In 2005-2006, the "% cost savings achieved through the purchasing process" performance measure is estimated at 6%, below the target of 9%. This is primarily due to the market for large purchases being less competitive than anticipated. It is expected that the "% of cost savings for 2006-2007" will be 5%.

Central Services

Central Services is comprised of the Mail Room, Copy Center, Surplus Goods Management, Moving Services, and Recycling Services. In 2005-2006, Central Services played an active role in the donating and recycling of surplus furniture from Old City Hall and leased facilities. Recycling Services participated in the city-wide battery recycling program and registered with the State of California as a Universal Waste handler, allowing the City to receive reimbursements from the State's CRT recycling program.

Prior to the move to the new City Hall, Central Services finished sorting mail received from the United States Postal Service by 10 a.m. Due to the consolidation of City offices in City Hall, the City Mail Room sorts mail for approximately 1,700 employees versus 600 employees in the old City Hall. To adjust for the increased volume, the time commitment for completing the daily sorting of mail was moved to noon.

For 2006-2007, reforms to mail and inter-office mail processing are proposed. Departments would be encouraged to increase departmental communication via email, fax, US Postal Service, and courier services. In addition, mail routes to Community Service Centers and Fire Battalions would be eliminated, as one Warehouse Worker position, which has been responsible for inter-office mail

Central Services (Cont'd.)

service for these facilities, is proposed for reduction. Mail routing to high volume mail routes, like the Dr. Martin Luther King, Jr. Library, the Retirement Office, or the Central Service Yard would continue.

Records Services

Records Services implemented a pilot process to facilitate the transfer of records from departments to the Records Center at the Central Service Yard. Since the space for records storage became inadequate in 2005-2006, the Records Center will be expanded by the end of 2005-2006 to hold an additional 3,000 record boxes as part of the reorganization of the Central Service Yard. In accordance with the City's record retention policy, records that are no longer needed for retention were previously handled by a shredding service. In 2005-2006, staff utilized a local paper mulching plant instead of a shredding service and will evaluate the continued use of this process. In addition to these activities, the Records Center catalogued gifts received by the Mayor and Council members on behalf of the City.

In 2005-2006, the performance measure for "% of time a request for a record retention item is picked up within two days" and the activity & workload highlight "Number of record retention requests picked-up within two days" were temporarily not tracked due to the implementation of a Records Transfer system, which is currently in its pilot phase. The Department will work to resolve this issue and reinstate measurement of these efforts.

Warehouse Services

Warehouse Services includes Stores and Central Receiving at the Central Service Yard and at City Hall, and delivery for both scheduled, interdepartmental routing and ad hoc hauling of large items.
In 2005-2006, Warehouse staff finished analyzing the Environmental Protection Agency Friendly Commodity List and continued to replace stock items with environmentally preferable products in accordance with the City's Environmentally Preferable Purchasing Policy. In addition, the surcharge to departments for Warehouse services was raised to recuperate operating costs for the Warehouse.

In 2005-2006, the operational measure "% of time a request for a warehouse items is furnished within one day – Delivered" is estimated at 91%, below the target of 98%. This is due to the warehouse staffing of the City Hall Receiving Dock to assist the mailroom with sorting of mail received from the United States Postal Service, resulting in intermittent delivery delays. This measure is expected to be 93% in 2006-2007. Also in 2006-2007, the department will investigate the feasibility of closing the Central Warehouse. Sales from the Warehouse have dropped consistently for the past three years due largely to competition from outside vendors. The Department will issue an RFP for a Just-In-Time (JIT) purchasing contract to test the competitiveness of the Warehouse and will work with the Budget Office to assess future operations.

Core Service: Purchasing and Materials Management

Finance Department

Performance and Resource Overview (Cont'd.)

Purchasing and Materials Management Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of cost savings achieved through the purchasing process	3%	9%	6%	5%
Cost of purchasing services as a percentage of the total dollars procured	0.8%	1.3%	1.2%	1.3%
% of customers who rate services as good or better, based on a 5-point scale based on courteous and timely responses to requests for information				
- Purchasing	76%	65%	68%	70%
- Materials Management	94%	95%	95%	95%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Selected Operational Measures	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of purchase orders (PO's) processed within established timeframes				
- 8 business days for PO's < $5,000	49%	70%	68%	68%
- 15 business days for PO's $5,000 - $100,000	43%	60%	63%	63%
- 55 business days for PO's > $100,000	New	83%	96%	96%
% of time a request for record retention item is				
- Picked-up within two days	N/A	100%	N/A	N/A
- Delivered within one day	100%	100%	98%	98%
% of time a request for a warehouse item is furnished within one day				
- Picked-up	100%	98%	100%	100%
- Delivered	96%	98%	91%	93%

Changes to Operational Measures from 2005-2006 Adopted Budget: Yes[1]

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[1] Changes to Operational Measures from the 2005-2006 Adopted Budget:

- "% of purchase orders (PO's) processed within established timeframes" was changed to business days versus calendar days to reflect actual measurement of the data. The additional measure reflects the complexity of procurement valued above $100,000as well as the requirement for Council Approval in accordance with the Municipal Code.

Strategic Support CSA

Core Service: Purchasing and Materials Management

Finance Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for services				
- Purchasing Services	$1.04M	$1.10M	$1.01M	$1.26M
- Materials Management Services	$1.43M	$1.37M	$1.20M	$1.54M
Total dollars procured	$123.5M	$86.7M	$87.4M	$94.1M
Total cost savings	$3.7M	$7.7M	$5.4M	$4.7M
Total dollars recovered from surplus sales	$497,148	$200,000	$210,305	$200,000
Number of purchase orders (PO's) processed within:				
- 8 business days for PO's < $5,000	N/A	500	419	558
- 15 business days for PO's $5,000 - $100,000	N/A	720	751	1,001
- 55 business days for PO's > $100,000	New	100	78	104
Number of record retention requests:				
- Picked-up within two days	N/A	9,000	N/A	N/A
- Delivered within one day	7,924	1,000	7,347	7,714
Number of warehouse line items:				
- Picked-up within one day	24,636	24,500	24,659	25,892
- Delivered within one day	9,567	19,500	8,984	9,433

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: Yes[1]

[1] Changes to Highlights from the 2005-2006 Adopted Budget:

↻ "% of purchase orders (PO's) processed within established timeframes" was changed to business days versus calendar days to reflect actual measurement of the data. The additional measure reflects the complexity of procurement valued above $100,000 as well as the requirement for Council Approval in accordance with the Municipal Code.

Purchasing and Materials Management Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget*					
Personal Services	$ 80,968	$ 2,073,808	$ 2,443,525	$ 2,579,203	24.4%
Non-Personal/Equipment	2,182	397,997	359,997	499,997	25.6%
Total	**$ 83,150**	**$ 2,471,805**	**$ 2,803,522**	**$ 3,079,200**	**24.6%**
Authorized Positions	**1.00**	**26.00**	**26.67**	**27.67**	**6.4%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Purchasing and Materials Management

Finance Department

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. U.S. Mail and Inter-Office Mail Processing Reorganization	**(1.00)**	**(67,840)**	**(67,840)**

This action would reorganize U.S. mail and inter-office mail processing by eliminating mail routes to Community Service Centers and Fire Battalions and by replacing departmental communication with email, fax, US Postal service, and courier services. This proposal would also eliminate 1.0 of a Warehouse Worker position, leaving 0.5 of a postion to staff the receiving dock at City Hall and to make deliveries and pick-ups at high volume mail stops. (Ongoing savings: $67,840)

Performance Results:
Customer Satisfaction Customer service to offsite locations would be reduced.

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Procurement Reforms/Management Staffing and Software	**2.00**	**343,518**	**343,518**

This action would provide for additional staffing to centralize procurement for contracting of professional services. These reforms will ensure the efficient, consistent, fair, and transparent processing of Requests For Proposals (RFPs) and Requests For Qualifications (RFQs) for professional services. This proposal includes the addition of 2.0 Senior Analyst positions ($203,518), the purchase of e-procurement software ($100,000), and non-personal/equipment costs ($40,000). (Ongoing costs: $338,914)

Performance Results:
Customer Satisfaction, Cycle Time, Quality Efficiency and standardization of the procurement process for contracting of professional services will be improved. This will also enhance interaction with the local vendor community for the procurement of goods and services.

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
2006-2007 Proposed Core Service Changes Total	**1.00**	**275,678**	**275,678**

Core Service: Revenue Management

Finance Department

Core Service Purpose

Collect and invest the City's resources to enhance the City's financial condition.

Key Operational Services:

☐ **Revenue Collection** ☐ **Investments**

Performance and Resource Overview

Revenue Management refers to the general oversight of the City's financial resources. This core service supports the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* This outcome is supported by developing and streamlining business systems and processes that support the delivery of City services; and through timely cash collection and prudent investment of the City's cash.

Over the course of the last four years, Revenue Management staff has conducted compliance reviews for the third largest revenue source to the City's General Fund – the Utility User's Tax (UUT) and related Franchise Fees. During the course of conducting these reviews, staff has found multiple instances of non-compliance requiring a high level of follow-up to assure the outstanding tax owed the City is ultimately collected. Staff continues to work with several other utility service providers to determine final amounts due the City as a result of the cellular phone UUT compliance reviews. Staff has verified that most cellular providers are complying with the new Federal Sourcing Act, which is bringing in an additional $1 million of UUT to the City annually.

The Business Information Management System (BIMS) compares various business lead source data files (e.g. State of California Franchise Tax Board, State Resale Permits, Fictitious Business Filings, etc.) to the City's Business Tax Billing System to isolate businesses not in compliance with the business tax ordinance. With collections in 2005-2006 expected to meet budgeted expectations of $800,000, this project, from its inception in May 2003 to the end of 2005-2006, will have generated over $3.0 million in additional General Fund revenue.

Although a Business Tax Amnesty Program was included in the 2005-2006 Adopted Budget, program implementation has not yet begun and requires ordinance approval that would last six to eight weeks. For this reason, the program is currently expected to bridge from 2005-2006 into 2006-2007. It is expected that with the end of the Business Tax Amnesty Program, business tax license collections will increase slightly in 2005-2006 and again in 2006-2007.

The Consolidated Utility Billing System (C-UBS) project is the City's first true CRM solution. This consolidates call centers and provides better customer service through multi-channel

Performance and Resource Overview (Cont'd.)

communications, web self-service, marketing support, and other functions. For 2006-2007, it is recommended that funding for overstrength positions be continued to support the stabilization period (July-October) after "go-live" in summer 2006. It is also recommended that funding for an overstrength Program Manager be continued for a year to provide project stability.

For 2005-2006, the average number of days active accounts receivable in the City's automated collection management system (Revenue Plus) were past due is estimated to be 74 days. This is a slight improvement from the 80 days that was experienced in 2004-2005. The performance for 2006-2007 is expected to average 75 days. Finance Department collections staff have been strategically placed to heighten the focus on collecting seriously delinquent accounts.

In 2006-2007, a collection recovery fee will be added for delinquent accounts forwarded to collection agencies. The fee, which will be imposed in the amounts of $25 or 15% (whichever is higher) is expected to provide additional revenue to the General Fund in the amount of $200,000.

In May 2005, the Finance Department reorganized functions to more appropriately align services in order to prepare for relocation to City Hall and the consolidation of several cashiering programs from multiple departments into a single Cashiering Suite. This reorganization required the dedication of a management position for oversight, and a Financial Analyst, who previously assisted the Administrative Officer in the Treasury Division, was assigned to this role.

Due to reorganization, the Adminstrative Officer serves as the only professional staff person to manage the City's investment program. This includes performing daily investment activities and providing management oversight to the City's nearly $2.0 billion investment portfolio. As a result, the addition of a Financial Analyst position is proposed for 2006-2007. This position would investigate and implement opportunities to enhance overall portfolio yield within the parameters of the Investment Policy while maintaining focus on the key elements of safety and liquidity of the City's porfolio This position would be reimbursed through the City's investment program.

A combined survey for the Finance and Information Technology Departments is conducted each fiscal year in the fourth quarter. To measure the "cost of revenue collection services" the labor cost for staff providing these services is compared to the value of the City's total Miscellaneous Accounts Receivables. The cost ratio estimate in 2005-2006 is 10.14% and the 2006-2007 target has been set at 13.33%. To measure the "cost of investment services", the labor cost for staff providing these services is compared to the value of the City's total Investment Portfolio. The cost ratio estimate in 2005-2006 is 0.11%, and the 2006-2007 target has been set at 0.13%. The increases in these ratios are due to the filling of vacant positions and increased staff costs.

Strategic Support CSA

Core Service: Revenue Management

Finance Department

Performance and Resource Overview (Cont'd.)

	Revenue Management Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
$	Cost of investment services as a percentage of the City's investment portfolio	0.09%	0.10%	0.11%	0.13%
$	Cost of revenue collection services as a percentage of the City's total miscellaneous accounts receivable	9.78%	11.25%	10.14%	13.33%
🎗	% of customers who rate Revenue Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	87%	90%	90%	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

	Selected Operational Measures	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
🕒	Average number of days active accounts receivable are past due	80	75	74	75

Changes to Operational Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for Revenue Management services				
- Investment services	$1.15M	$1.10M	$1.16M	$1.33M
- Revenue collection services	$3.36M	$3.78M	$3.35M	$4.00M
Total of the City's investment portfolio	$1.16B	$1.16B	$1.018B	$1.021B
Total balance of the City's miscellaneous accounts receivable	$34.3M	$30M	$33M	$30M

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Revenue Management

Finance Department

Performance and Resource Overview (Cont'd.)

Revenue Management Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,956,025	$ 4,240,879	$ 4,690,024	$ 5,179,176	22.1%
Non-Personal/Equipment	547,393	1,002,559	640,159	665,159	(33.7%)
Total	**$ 4,503,418**	**$ 5,243,438**	**$ 5,330,183**	**$ 5,844,335**	**11.5%**
Authorized Positions	**51.05**	**52.05**	**52.05**	**53.05**	**1.9%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Investment Program Staffing	**1.00**	**100,759**	**100,759**

This action would add a Financial Analyst to the Investment Section of the Treasury Division. This position would assist the administrative unit (one Administrative officer and two clerical staff positions) by providing analytical assistance to enhance the City's ability to determine investment options for the portfolio. This position would be reimbursed through the City's investment program. (Ongoing costs: $109,457)

Performance Results:
Quality, Customer Satisfaction Adding a Financial Analyst would help to provide analytical assistance and enhance the City's ability to determine investment options for the portfolio (within the investment policy guidelines).

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (Cont'd.)			
2. Consolidated Utility Billing System (C-UBS) Implementation		413,393	0

This action would fund nine overstrength positions in the Finance Department to support a four-month stabilization period after the "go-live" state of the C-UBS project. In addition, a Program Manager will be retained for a year to manage the stabilization project. The continuation of these positions will provide stability in the project prior to transition to permanent staffing. (Ongoing costs: $0)

Performance Results:
Customer Satisfaction Continuation of overstrength positions would ensure stability of the project.

2006-2007 Proposed Core Service Changes Total	**1.00**	**514,152**	**100,759**

Core Service: Support Departmental Technology Services

Information Technology Department

Core Service Purpose

Determine, develop, implement and support technology solutions that maximize the delivery of Technology Services for City Service Areas and ensure optimal resource utilization of technology investments across the City-wide organization.

Key Operational Services:

☐ **Public Safety Support**
☐ **Transportation and Aviation Services Support**
☐ **Community and Economic Development Support**
☐ **Environmental and Utility Services Support**
☐ ***Neighborhood* Services Support**
☐ **Mayor, Council and Appointees Support**

Performance and Resource Overview

The purpose of the Support Departmental Technology Services core service is to enable the service delivery of specific departments through the use of technology. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

Information Technology Planning Board

In March 2005, the Information Technology Planning Board (ITPB) revised its charter to better position the City to meet its business strategies through the use of technology. Key changes include organization of ITPB membership to reflect the CSA model; creation of an Architecture Committee consisting of IT professionals from all CSAs to provide technical perspective and recommendations to the ITPB; and the re-allocation of five positions to facilitate centralized technology representations for each CSA.

The first major effort of the ITPB, Architecture Committee and CSA Technology representatives was the completion of CSA technology Master Plans in January 2006, which has helped to provide departments with understanding of technology issues city-wide.

The performance target actuals for 2004-2005 overall are lower than expected and reflect customer responses prior to the aforementioned changes. It is anticipated that customer satisfaction will increase significantly due to these new efforts. It is expected that customer satisfaction ratings of good to excellent regarding the "Impact upon planning and preparation of IT-related budget requests" will be nearly 85% for 2006-2007.

Information Technology Planning Board (Cont'd.)

The Activity and Workload Highlight, "Number of ongoing ITPB approved projects" estimated and forecast levels for 2005-2006 and 2006-2007 respectively are noted as "N/A" due to the recent inclusion, at the direction of the City Manager, of vital technology projects that the City should undertake in the near future. Approval of these projects (contingent upon identification of funding sources) is still under review.

The 2005-2006 performance target for customer satisfaction of good to excellent regarding the "timeliness of decisions made" and the "perception of benefit/value added by strategic planning" by the ITPB will remain at 60%. In 2004-2005, actual survey performance results measured 31% and 40% respectively, a decline from 2003-2004's survey results of 40% and 46%.

Public Safety Support

Reductions in technology staff in recent years have contributed to the challenges the Police Department faces as it strives to implement integrated public safety functions focused on improving the productivity of officers and staff. Initiatives such as participation in a county-wide mug shot and fingerprint program, accident report automation, electronic citations, installation of cameras downtown, and support for new police substations are only a few of the technology projects currently in the planning stages. Radio communications, Wireless Internet System (Wi-Fi), cable and fiber networks must be reliable and have the capacity to support public safety applications and devices.

Updating the existing technology infrastructure, which utilizes Voice Over Internet/Protocol (VoIP) is key to the success of these projects. Augmentations of existing staff resources to acceptable levels and providing sufficient training to technical staff is required in order to deliver these projects as well as support key applications and infrastructure 24 hours a day, seven days a week.

The Police and Fire Departments have been utilizing Computer Aided Dispatch (CAD) systems since San José assumed the responsibilities for communications services in 1990. The old CAD system was replaced in June 2004. The new CAD system introduced mapping, radio network bandwidth, and software related challenges. Current technical CAD-related activities are focused on continued improvement of the existing system as well as resolution of the significant challenges relative to increased traffic on the wireless network. Based upon a system evaluation conducted in 2005, the Police Department has embarked on a two-year evaluation of a broadband wireless service with early testing showing great promise.

Once completed, the enhanced 9-1-1 project will enable Police and Fire Communications to locate any call being placed from a cellular phone. The current system cannot locate all callers who are not within the City limits, resulting in some calls placed from the freeways being routed to the California Highway Patrol instead of the City's dispatch center.

Core Service: Support Departmental Technology Services

Information Technology Department

Performance and Resource Overview (Cont'd.)

Public Safety Support (Cont'd.)

The last piece in the Police Department's automation effort is the Automated Reporting System (ARS), also known as In-Field Reporting and an upgrade to the Records Management System (RMS). The ARS component is the cornerstone of the data entry flow into RMS, a component of the Automated Information System. This effort will reduce the gap between data collection and data entry, and thus improve data quality. For example, an officer in the field will have the capability to enter data soon after an event has occurred rather than at a later time and/or by someone who was not present at the scene. The Police Department in conjunction with the Information Technology Department is evaluating an appropriate solution.

Support Departmental Technology Services Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
◎ % of managers who say employees have the technology tools they need to support their service delivery functions	71%	87%	70%	75%
◎ % of employees who say they have the technology tools they need to meet their service delivery functions	83%	83%	83%	85%
🎗 % of responses from IT Planning Board members & departments that are good or excellent in the following areas:				
- Timeliness of decisions made	31%	60%	50%	60%
- Perception of benefit/value added by strategic planning	40%	60%	50%	60%
- Impact upon planning & preparation of IT related budget requests	30%	85%	60%	85%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of CSA master plans updated	1	7	7	7
Number of ongoing ITPB approved projects	8	8	N/A	N/A
Number of ITPB meetings annually	12	12	12	12

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Support Departmental Technology Services

Information Technology Department

Performance and Resource Overview (Cont'd.)

Support Departmental Technology Services Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,552,036	$ 1,934,071	$ 2,042,947	$ 2,042,947	5.6%
Non-Personal/Equipment	356,537	0	0	0	N/A
Total	**$ 2,908,573**	**$ 1,934,071**	**$ 2,042,947**	**$ 2,042,947**	**5.6%**
Authorized Positions	**25.00**	**16.00**	**15.00**	**15.00**	**(6.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support

Employee Services Department

Strategic Support represents the services provided within departments that support and guide the provision of the core services. Strategic Support within the Employee Services Department includes:

- ☐ **Administration**
- ☐ **Financial Management**
- ☐ **Personnel Management**
- ☐ **Human Resources Systems Management**
- ☐ **Records Management**
- ☐ **Customer Service**

Performance and Resource Overview

Strategic Support in the Employee Services Department includes the underlying systems that allow the Department to function such as personnel, budget, information systems management, records management, and customer service.

In 2005-2006, timekeeping, accounts receivable/payable, and general ledger workload were transferred to the Finance Department in order to reduce costs and centralize Finance-related work. eWay, the employee self-service module of the City's Oracle-PeopleSoft HR system was successfully implemented, laying the foundation for an online one-stop shop for employee personnel, benefits, deferred compensation, and payroll transactions. The RFP process for consultants to upgrade the City's Oracle-PeopleSoft HR/Payroll system and kick-off of the eight month project were completed.

In 2006-2007, implementation of the upgraded HR/Payroll system, including added functionally for manager self-service, benefits life events, and internet accessibility will be completed

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 871,678	$ 705,746	$ 762,019	$ 762,019	8.0%
Non-Personal/Equipment	146,967	124,263	124,263	124,263	0.0%
Total	**$ 1,018,645**	**$ 830,009**	**$ 886,282**	**$ 886,282**	**6.8%**
Authorized Positions	**7.50**	**6.00**	**6.00**	**6.00**	**0.0%**

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Strategic Support CSA

Strategic Support

Finance Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Finance Department includes:

Key Operational Services:

- ☐ **Analytical Support**
- ☐ **Budget/Fiscal Management**
- ☐ **Contract Administration**
- ☐ **Intranet Services**
- ☐ **Human Resources Management**
- ☐ **Administrative Support**

Performance and Resource Overview

Within the scope of Strategic Support, departmental core services are guided through planning, organizing, directing, and evaluating service delivery to achieve departmental objectives. These support services ensure that programs and services are developed, implemented and enhanced in a manner consistent with City policies and procedures. In addition, Strategic Support is instrumental in the delivery of direct services to the public and in providing coordinated responses to requests for information by other departments, the City Administration, and the City Council.

Due to challenges presented by budgetary constraints, Strategic Support services in the Finance Department were reduced in 2005-2006. One Staff Specialist position was eliminated in the Finance Department, and general administrative duties were distributed to remaining support staff. In addition, a Network Engineer dedicated to the Finance Department was transferred to the Information Technology Department to consolidate city-wide network services.

In 2005-2006, an estimated 5% of the Finance Department's 132 employees will receive 40 hours of relevant training annually and 8% of employees will receive 20 hours of relevant training annually. A factor impacting performance in this area was the high vacancy rates experienced since the city-wide hiring freeze. Due to increased workload and service demands, many staff members were unable to meet the 40-hour training goal. As workloads continue to increase and staffing levels decrease, the target will be reduced to 4% of employees receiving 40 hours of training in 2006-2007. The number of training hours provided is expected to remain constant at 700 in 2006-2007.

Currently, various levels of performance measures have been developed for departments included in the Strategic Support CSA. During 2006-2007, the CSA will coordinate and establish performance measures that will be used by each department included in the CSA.

Strategic Support
Finance Department

Performance and Resource Overview (Cont'd.)

Strategic Support Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯 % of employees receiving 40 hours of relevant training annually	7%	5%	5%	4%
$ *Ratio of strategic support services cost to total department budget*	13%	9%	7%	10%
🎗 % of customers rating strategic support services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	N/A	70%	70%	70%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for Strategic Support services	$1.32M	$1.37M	$0.99M	$1.51M
Total department budget	$9.86M	$13.17M	$13.59M	$14.44M
Total number of department employees	106	132	132	134
Total number of Strategic Support employees	10	9.5	9.5	9.78
Total number of employees receiving 40 hours of relevant training	7	7	6	5
Total number of training hours provided	561	700	700	700

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,135,589	$ 1,119,426	$ 1,253,971	$ 1,253,971	12.0%
Non-Personal/Equipment	184,863	253,191	258,316	258,316	2.0%
Total	**$ 1,320,452**	**$ 1,372,617**	**$ 1,512,287**	**$ 1,512,287**	**10.2%**
Authorized Positions	**9.50**	**9.50**	**9.78**	**9.78**	**2.9%**

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Strategic Support

Finance Department

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support

General Services Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within General Services includes:

Key Operational Services:

- ☐ **Network/Computer Systems Management**
- ☐ **Budget/Fiscal Management**
- ☐ **Programmatic/Administrative Support**
- ☐ **Strategic Planning/Leadership**

Performance and Resource Overview

Strategic Support provides administrative support for the General Services Department. Strategic Support includes network and computer systems management, fiscal management, property management, and organizational development.

For 2006-2007, the property management function will be consolidated in the Public Works Department because the Public Works Real Estate section has the supervisory and administrative structure to better support the unit. This will allow the centralization of Real Property transaction functions into one location and will provide for a stronger, better-supported work unit. The transfer entails moving two Real Property Agent positions, associated non-personal/equipment funding, and funding for leased office spaces throughout the City to the Public Works Department.

Strategic Support will continue to strive to meet customer expectations and to maintain quality standards. However, as a result of many transitional changes, staff workloads and responsibilities have been redeployed to meet the organization's highest needs including budget and fiscal management, basic network support, and personnel management.

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 522,664	$ 995,722	$ 1,076,156	$ 852,396	(14.4%)
Non-Personal/Equipment	6,398,043	3,745,096	2,081,284	185,297	(95.1%)
Total	**$ 6,920,707**	**$ 4,740,818**	**$ 3,157,440**	**$ 1,037,693**	**(78.1%)**
Authorized Positions	**8.75**	**8.75**	**8.75**	**6.75**	**(22.9%)**

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Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT			
1. Real Estate Program Consolidation	**(2.00)**	**(2,119,747)**	**(2,106,778)**

This proposal would shift 2.0 positions (2.0 Real Property Agents) and $30,000 in associated non-personal/equipment from the General Services Department to the Public Works Department. Because the Public Works Department has the supervisory and administrative structure to better support the unit, it was determined that the Real Estate Functions should be consolidated in Public Works. This will allow the centralization of all Real Property staff into one department and provide for a stronger, better-supported work unit. Along with the two positions, budgets for leased spaces (approximately $1.9 million) throughout the City will be shifted from General Services to Public Works. (Ongoing savings: $2,119,747)

Performance Results:
No changes to service levels will result from this action.

2006-2007 Proposed Strategic Support Changes Total	**(2.00)**	**(2,119,747)**	**(2,106,778)**

Strategic Support CSA

Strategic Support

Information Technology Department

Strategic Support represents services provided within the Department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within Information Technology includes:

Key Operational Services:

- ☐ **Clerical Support**
- ☐ **Employee Services**
- ☐ **Financial Management**
- ☐ **Training Management**
- ☐ **Special Projects**

Performance and Resource Overview

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,100,424	$ 964,974	$ 979,584	$ 937,389	(2.9%)
Non-Personal/Equipment	219,139	202,826	193,226	193,226	(4.7%)
Total	**$ 1,319,563**	**$ 1,167,800**	**$ 1,172,810**	**$ 1,130,615**	**(3.2%)**
Authorized Positions	**9.75**	**8.75**	**7.75**	**7.00**	**(20.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.